

98-84369-14

Buckner, Aylett Hawes

Speech of  
Hon. Aylett H. Buckner...

[New York]

[1885?]

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Z Buckner, Aylett Hawes, 1817-1864.  
v.20 Speech ... in the House of representatives ...  
Feb. 28th, 1865.  
10 p. 23 $\frac{1}{2}$  cm.

Caption title.

Vol. of pamph.

ONLY FD

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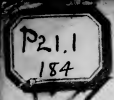
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SPEECH

OF

Hon. AYLETT H. BUCKNER,

*of Missouri,*

Chairman of the Committee on Banking and Currency,

IN THE HOUSE OF REPRESENTATIVES, SATURDAY, FEB. 28th, 1885.

On the bill (H. R. 8,256) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30th, 1886, and for other purposes.

Mr. Buckner said:

Mr. Speaker: Seven years will have expired in a few days since the coinage of the silver dollar of 412½ grains at the rate of over \$2,000,000 per month was authorized by law. The number of dollars coined under the Act of February 28, 1878, was 191,947,094 on the first day of this month. The price of silver bullion purchased under the continuing appropriations of that Act has been as follows: March 5, 1878, \$1.2029; March 10, 1881, \$1.1590; February 4, 1885, \$1.0829; and the sum paid for silver bullion has aggregated the sum of \$168,777,370.22 up to December 31, 1884; and the question which presses upon the attention of Congress is whether the time has not arrived when wise policy demands of us that we shall stop this large expenditure of money, or in some way modify the compulsory feature of the Act under which the coinage is made.

It may be well to revert to the history of the passage of the Act for the coinage of the silver dollar in order to discover the reasons of its enactment, and the circumstances and facts connected with its passage in the form we find it on our statutes. It is well known that the original bill authorized free and unlimited coinage, and was passed in this House during the Forty-fifth Congress on a suspension of the rules, without debate, on the motion of my esteemed colleague [Mr. Bland], by more than a two-thirds vote. It was referred to the Committee on Finance in the Senate, where the ques-

tions involved in the bill had been much discussed in the debate on the resolution introduced by Senator Matthews, of Ohio, in reference to the payment of the public debt. The Committee on Finance in the Senate reported an amendment in the nature of a substitute for the House Bill, substantially in the form now on the statute-book, with the exception of the section providing for the issue of certificates based on deposits of silver dollars, which was added to the substitute in the Senate.

The purpose of the Senate amendment was to give the difference between the market value of silver and the legal value of the dollar to the Government, instead of to the mine and bullion owners, as would have been the effect of the House Bill. This difference in value was at the time between 8 and 10 per cent., and the amount of bullion authorized to be purchased was not less than two million and not more than four million dollars' worth per month.

And in order to obtain the co-operation of other nations in establishing and maintaining a fixed relation in the value of gold and silver, and thus assure an appreciation in the value of the latter metal, the President was authorized to invite a conference among the European nations interested in the full remonetization of silver and making a fixed ratio between it and gold. If silver had not been depreciated below the value of gold by causes too well known to require any recapitulation, it cannot be doubted but that the Senate would have passed the Bland Bill as it came from the House, and we should have put silver on the same footing with gold, and we should have had free coinage for both metals at the ratio of 16 to 1 of gold. And but for this disparity (of the two metals) in their commercial or market value there would have been at that time no necessity or propriety in having a conference with other nations with the view of fixing an international ratio between the two metals.

It was this depreciation of silver, as compared with gold, the hope that our monthly purchase of from two to four millions of bullion would bring silver to a parity with gold, and the desire on the part of this Government that it should have the assistance of other nations in restoring silver to its time-honored position as international money, that led to the rejection of its free and unrestricted coinage by the Senate, and forced that body to adopt as a substitute the measure under which we have been since operating—restriction in the amount of bullion purchased, compulsory in the sum to be coined, and abnormal, extraordinary, artificial, and only adapted to the then existing monetary conditions. This substitute for the House Bill was afterward vetoed by the President, and became a

law by a two-thirds vote of both Houses, there having been a brief discussion in this House, where the bill originated.

That it was a prevailing opinion among the ablest and most steadfast friends of bi-metallism in the Senate that the effect of the passage of the Senate Bill would be to increase the market value of silver to that of gold is established by the debates in the Senate during its pendency there. Senator Jones, of Nevada (volume 28, page 1081, "Congressional Record," Forty-fifth Congress), is reported as saying:

My own opinion is that, at the rate of 16 to 1, eighteen months will not have elapsed before silver will be back at its old place where it stood before demonetization took place, at 2 or 3 per cent. above gold, and that it will be the metal that will be excluded from the country.

Senator Thurman (page 1095) in the same debate said:

Let me say to the Senate of the United States that this bill will bring back silver to its true value.

And in a colloquy with Senator Blaine as to the payment of United States bonds, on the same page, he is reported as follows:

In three years hence not your silver dollar of 425 grains, nor any other man's dollar of 435 grains, nor any other man's dollar of 485 grains, but the dollar of 412½ grains will pay them at par with gold.

Senators Wallace, Ferry and Windom (see "Congressional Record," volume 28, page 1074,) expressed similar opinions, and the former offered an amendment to the effect that if silver was worth less than .97 of a gold dollar after 100,000,000 had been coined under the present Act the coinage under it should cease.

Mr. Speaker, I refer to the opinions of these distinguished advocates of the remonetization of silver to show that they hoped and believed that the effect of the Act of February, 1878, would be to advance the market value of silver and bring it up to a parity with gold. When they refused to give the right of free and unlimited coinage to silver as gold bullion now has, and when they restricted the dollar coinage to a maximum and minimum sum, the profit or seigniorage to accrue to the Government, it is incredible that they expected to continue it if under its operations the then gap between silver and gold should not be closed. They could never have intended to invest hundreds of millions of dollars in the purchase of bullion after it was demonstrated that the divergence between the two metals was increased instead of being diminished, and after it was apparent that our standard dollar possessed no international function, but was dwarfed to a mere silver token.

Except that the effect of the Act had been to remonetize the silver dollar and increase our domestic circulation, the Act of 1878 could

not been intended to be other than tentative, experimental, and temporary. And is there any doubt that its failure to regulate the value of the two metals has been demonstrated after our experiment of near seven years' duration? Shall we give it another trial of seven years more in order to be convinced that this Government, unaided and alone, cannot bring the white metal up to the value of the yellow in the markets of the world? If it was experimental and not designed to be the permanent policy of the Government, why shall it be continued when in spite of our legislation and in defiance of our predictions and our hopes we find that the divergence in the value of the money metals in 1878, instead of being lessened, has doubled in 1885.

Mr. Speaker, it is somewhat remarkable that at the late silver convention held at Denver the present restricted coinage of the silver dollar was not only not defended, but impliedly condemned. The silver miners are not satisfied to receive for the one-half of the silver output 14 to 16 per cent. more than the other half commands in the market, and they therefore demand that restricted coinage of silver shall cease, and that the doors of the mints be opened to the free and unlimited coinage of the whole product of their mines. Such a proposition is absolutely preposterous and impracticable, after the experience of the last seven years, and in face of the fact that gold has been steadily advancing, or silver has been steadily declining, until the silver dollar is worth less than 85 cents as measured by gold, and that bi-metallism has been losing ground among the nations of Europe from necessity and not from choice, since the passage of the Act of 1878. If the purpose of the silver miners and bull on owners of the mountains is to make this country purely mono-metallic, and to discard gold as one of our money metals, in disregard of the teachings and practice of the founders of our Government, no more effective policy to that end could be adopted.

Our people are thoroughly bi-metallic, and will never be content with a monetary circulation composed exclusively either of gold or silver. Their traditions as well as their interests demand the use of both metals—with the value of each regulated at such a ratio as that neither shall be degraded to the condition of a mere money token. And both shall perform their part in the commercial exchanges of the world, on terms of perfect equality. This can only be done by the concerted action of the chief nations of Europe with our Government; and to bring about this concert of action the first step must be taken by us, and that step should be to suspend the operations of the Silver Coinage Act for a time, in whole or in part, and at once enter upon negotiations with European nations to

establish a fixed ratio of valuation between the two metals, and open their mints to the free coinage of both gold and silver on such terms as may be agreed upon. If we pursue our present policy there is nothing more certain than that the gap between the market value of the two metals will continue to grow wider and wider, and this country will be compelled to make its choice between gold or silver mono-metallism. I would regard either as a great calamity to this country and the world, and I have an abiding conviction that the present is an opportune period for taking prompt and decisive action on this important question.

My reasons for this opinion must be stated very briefly and with but little elaboration. As I have said, the operations of the Act of 1878 have failed to accomplish one of the chief results hoped and expected from it, and that was to bring silver to a parity of value with gold. The friends of bi-metallism in Great Britain and on the continent of Europe regard it as an important step in the desired direction that the United States repeal or modify the provisions of this Act. As evidence of this I make an extract from a letter from the Secretary of the International Money Standard Association, of Great Britain, to a gentleman in the city of New York, in which he uses the following language:

It is in times of sharply falling prices, as at present, that the association can count upon a better hearing, and the object of the association is, by the distribution of their own literature and through the press, to enlighten public opinion on the subject; but the turning point in the movement is generally supposed here to be the suspension of legal-tender silver coin on your side.

Surely the opinion of men, many of them of the greatest learning and practical experience in Europe, and not a few of them professed converts to bi-metallism, who have witnessed the long-continued prostration of business and the fall of prices on the other side of the water, which they attribute to the demonetization of silver by Germany and other nations and the resultant appreciation of gold, should be heeded by the bi-metallists of America. I am free to say that I believe that the cessation of our futile attempt to uphold the value of silver, without the help of other silver-using nations, will in all likelihood tend to its further depreciation and fluctuation in value, and thus may add to the embarrassments of trade and commerce between the nations of the world.

This may give strength and influence to the bi-metallic movement among the rulers of Europe, and create a public opinion in favor of supplementing the stock of gold with silver, and of equalizing both metals as a necessity to the commerce and exchanges of the world. Desperate diseases, among peoples as among individuals, sometimes

require desperate remedies; and as silver, by the mischievous action of governments, is the sick man of the monetary world, it may be that he will be sicker before he is better.

But if our policy of compulsory coinage has failed to produce the fruit anticipated from its adoption, its influence upon other nations has been positively deleterious to the cause of bi-metallism on the Continent of Europe. Since 1878 Italy has resumed payment of her inconvertible paper, and has drawn upon the decreasing stock of gold to the amount of \$80,000,000 for the purpose of resumption. Holland has put some millions of her depreciated silver on the market in order to replenish her stock of the yellow metal, and the little Kingdom of Greece is preparing to follow in the footsteps of Italy, while Austria-Hungary is reported to be making negotiations for \$150,000,000 as a preparatory step to withdrawing her irredeemable circulation.

Thus State after State are engaging in the scramble for gold, not because they prefer to resume on gold, but because resumption in depreciated silver would be no resumption, and because they are unwilling to become "the monetary India of Europe," the sink of all the debased metal of the continent. Is it not apparent that all Europe will in a few years close their mints against silver, except for the purposes of subsidiary coinage, and learn to rely upon gold exclusively as a money metal, unless some decisive steps are taken by the bi-metallic nations of the world to arrest this gold monometallic tendency? It is the United States alone of all the great nations of the world that is attempting to uphold silver, and our efforts in that direction have produced a contrary effect by their failure to arrest the downward tendency of silver, and by the increasing number of nations that have become and will become gold monometallic. Let us proclaim to the world in some form that we will no longer bear this burden alone, but that others must share it with us; and when this resolution is once taken, I, in common with all the friends of bi-metallism in other countries, will be greatly mistaken if the great and small powers of Europe do not agree upon a fixed ratio between the metals and again open their mints to the free coinage of silver as well as gold.

But, Mr. Speaker, what does this scramble for gold among the nations of the world mean? What influence has it had, and is destined to have, on the commerce and the business of the world, on the prices of commodities, and the wages of the toiling masses? Is there any connection between the demand by the nations of the world for gold for monetary purposes and the general shrinkage in values, the fall in the prices of commodities, and the depression in business

that prevails in Europe and America, and in fact throughout the civilized world? Has the growing disuse of silver as money, and the consequent increased drafts upon the diminishing stock of gold, by the United States and the states of Europe, had any influence upon the price of labor or its production? These questions are receiving the best thought of statesmen and economists, and they involve the gravest considerations touching the progress and advancement of civilization and the interests of our common humanity.

It is universally conceded that the stock of gold for many years past has increased little, if any, beyond the annual wastage and its use in the arts and manufactures and other uses than money. Its production, according to the estimate of the Director of the Mint, has fallen off in the last three years from \$103,000,000, in 1881, to \$94,000,000 in 1883, and at least one-half the yearly production is used by four of the great nations of the world for other purposes than money. The "London Bullionist," an accredited authority on monetary questions, estimates that in 1874 the gold money in circulation throughout the world was \$3,460,000,000 for a population of 90,000,000 then using it; whereas in 1884 it had increased to \$3,895,000,000 for a population of 223,000,000.

In 1874, according to these estimates, the gold circulation was equal to \$36 per capita, and in 1884 the gold circulation per capita was but \$17 among gold-using peoples. In England it is conceded by many of her most eminent economists and statisticians that the purchasing power of gold has very largely increased owing to the absorption by Germany first, and then by the United States, of from seven to nine hundred millions of the world's supply of gold; and that the fall in the prices of commodities consequent upon this increased purchasing power has averaged from 25 to 60 per cent. on the leading and important articles of commerce. In fact, it is admitted by all that gold has grown and is growing scarcer, prices have declined and are now declining, and trade has suffered and is now suffering, not only in all parts of the European continent, but throughout the world, America included.

This unusual condition of things cannot be attributed to any mere local causes, because the effect is general and not confined to any State or people. It exists as well in free-trade countries as in those that are more or less protective. It affects the productions of manual labor as well as the products of the factory and of machinery; and it includes the entire output of the farm as well as that of the mine and the shop. The cause of such universal depression in the prices of commodities must be as general and wide-

spread as the effect. The fall in prices has been coeval with the demand made by Germany first, followed by the United States and other countries, on the world's diminished and diminishing supply of gold, and must continue with any additional strain upon this supply.

Gold is in fact the sole measure of the value of all commodities here and elsewhere throughout the civilized world. London is the clearing-house of all nations, and there gold is the yard-stick by which the values of all products are measured. For local exchanges paper substitutes and silver may and does affect domestic prices to a large extent; but the immense mass of silver francs in France and the two hundred and fifty millions of dollars, half-dollars and quarter-dollars in the United States play no part either in the international exchanges of the world or in determining the prices of commodities in the great marts of trade abroad. Every additional state in Europe or elsewhere that goes upon the market to purchase gold for resumption or for the use of its people for circulation, increases the purchasing power of this metal, and appreciates its value as compared with other commodities, including the silver of Colorado, the cotton of the South, the iron of Pennsylvania, and the wheat and provisions of the Northwest, and thus adds to the burdens of the tax-payer and the debtor.

It has been said by high French authority that France would have been hopelessly bankrupt in 1848 but for the great influx of gold from California and Australia, which created a degree of commercial prosperity which enabled the French people to surmount the difficulties in which they were entangled. In this country, as we all know, the product of gold from the mines gave an impetus to the prosperity of all classes that has never been surpassed before or since. If there is any truth in the theory, that the amount of circulation stands in a certain relation to the question of price, and that a full and increasing circulation has the effect to advance prices, it must follow that a scant and decreasing circulation will create a fall in prices—such as we are witnessing at this time throughout the commercial world—and that shrinkage in values, being common to all nations and peoples and to every product of human labor, can be attributed to no cause that is not alike common to all nations and all commodities.

Are we then entering a long night of falling prices, depressed labor, and unprofitable business? Impressed as I am with the conviction that the business of the world cannot be carried on without the use of both silver and gold, and sharing in the opinion of one of the most eminent statisticians and economists of Great

Britain, expressed in the Paris Conference of 1878, that the part of 1868 of the nations of the world to adopt the gold standard would produce a "tremendous crisis," and believing so long as we maintain our position of attempting and failing to uphold the value of silver that gold mono-metallism will from necessity be adopted by other important States, it seems to me that there can be no permanent and lasting improvements in prices of the leading articles of American production unless we remove what I conceive to be the chief obstacle to full remonetization of silver, and the mints of Europe are opened to the coinage of silver. There will of necessity be an improvement in many branches of production, but prices will remain low and comparatively unremunerative.

The continued appreciation of the only standard of value, all other things being equal, will depress more or less the prices of all commodities, and especially the productions of my section and of the South. We must make one monetary mass of the gold and silver of the world if we would secure advancing or even stationary prices and give remunerative employment to labor. The two metals must be harnessed together at an agreed ratio of valuation, and they must each perform all the functions of domestic as well as international money. The mints of the important commercial nations must be opened to the free if not unlimited coinage of both gold and silver, so that each may exchange its silver for gold and gold for silver on the same terms as to value.

Both metals must be made to perform all the functions of money, in foreign as well as in domestic exchanges. Powerful, wealthy, and abounding in resources as we are, we can no more accomplish these desired results unaided, and without the assistance of other nations, than I can transmit a letter to London or Paris at the same rate of postage as I can send it to St. Louis, without the concurrence and agreement of Great Britain and France. The millions of coined silver in France and in the United States are, in the expressive language of the distinguished French bi-metallist, M. Chernuski, but silver greenbacks. Their circulation is confined to prescribed limits, and perform but a part of the office of a circulating medium, while it should perform, with gold, the office of an international circulation. What the world needs is rated, not unrated, bi-metallism, and this seems impossible under our present policy.

Mr. Speaker, I have not attempted to elaborate any of the propositions I have advanced. My purpose has been to present as concisely as possible some of the reasons which have brought me to the conclusion that the time has arrived when we should make known to the commercial nations of the world, alike interested with this

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Government in the full rehabilitation of silver and its restoration to its former place as one of its money metals, and that we will no longer continue the efforts in which we have so signally failed.

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I do not place my objection to a continuance of the purchase and coinage of silver to any fear of imminent financial disaster. I object to it because it is a demonstrated failure. I object to it because it involves a worse than useless expenditure of the people's money; I object to it because it creates a necessity for bi-metallic nations in Europe to become gold mono-metallic; I object to it because it endangers the position of silver as the equal of gold as a money metal; I object to it because it is an obstacle to real bi-metallism, and will intensify the demand for gold and prolong indefinitely the present shrinkage of values, the general depression of business and the disorganization of labor; and last, but not least, I object to it because it fetters and embarrasses the incoming administration, and transfers to it the heritage of probable financial disturbance in the not distant future.



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